

MARYLAND



FY 2007 BUDGET



Department of
Budget & Management

Robert L. Ehrlich, Jr., Governor

Michael S. Steele, Lt. Governor

Cecilia Januszkiewicz, Secretary

GOVERNOR EHRLICH'S FY 2007 Budget

FISCAL RESPONSIBILITY

- **Saving for the Future**
 - \$644 million Rainy Day Fund balance
 - \$670 million reserved for FY 2008 operations
 - \$100 million reserved for future retiree health care costs
- **Returning Money to Maryland Taxpayers**
 - 15% reduction in the State property tax
 - Expand Homeowner's Tax Credit to assist an estimated 2,000 additional homeowners with their property tax burdens
 - Reintroduce military retirement income tax exemption
- **Compensating State Employees**
 - 2% Cost of Living Adjustment (COLA)
 - 2% to 4% step increases
 - Adjustments to specific salary schedules in addition to the COLA:
 - 2% for all police salary schedules
 - 7% for General Services police salary schedule
 - 14% average increase for institutional educators
 - \$48.1 million to recruit and retain a professional correctional officer workforce

GOVERNOR EHRLICH'S FY 2007 Budget

EDUCATION

- **K-12 Education**
 - Largest increase in State history: \$462 million (11.5%) increase
 - Largest allowance for K-12 public school construction in the last 35 years: \$261 million plus \$20 million reallocated funds
- **Higher Education and Need-Based Scholarship Aid**
 - \$172 million increase for higher education
 - Assist nearly 3,400 more students with need-based aid: \$19.5 million (28%) increase, doubling FY 2003 funding levels
 - Largest allowance in State history for USM: \$117 million (14.5%) increase
 - Major Enrollment Growth Initiative to enroll approximately 3,300 students (\$15 million)
 - Launching USM's \$1.5 billion capital campaign
 - Fully fund Cade formula for community colleges: \$205.9 million (7.4% increase)
 - Fully fund Sellinger formula for independent colleges and universities: \$50 million (9% increase)
- **Historically Black Institutions (HBIs)**
 - \$25 million (21%) increase for HBIs
 - Access and Success grants and the HBI Enhancement Fund: \$12 million
 - Need-based scholarship aid for HBIs: \$2 million

GOVERNOR EHRLICH'S FY 2007 Budget

MEETING MARYLAND'S NEEDS

- **Vulnerable Marylanders**

- Reduce the waiting list for adult education and literacy services: \$2 million (58% increase)
- Provide breakfasts for 75,000 children: \$1.2 million (62%) increase
- Provide services for 1,300 individuals on the DDA waiting list: \$10 million increase
- Assist disabled youth transitioning to adulthood: \$7.7 million
- Prenatal care for high-risk pregnant women to reduce infant mortality: \$1.5 million increase
- Serve every senior on the Senior Assisted Living Group Home Subsidy waiting list: \$1.3 million increase
- Increase subsidies to families and guardians caring for foster children: \$6.1 million increase
- Provide monthly cash assistance increases: \$4.5 million

- **Health**

- Serve nearly 770,000 Maryland citizens through Medicaid and related programs: \$370 million (8.5%) increase to \$4.7 billion
- Fight infant mortality, provide mental health support to children, and expand community-based services: \$10.3 million increase
- Expand Medicaid waiver programs to serve 1,300 additional elderly and disabled Marylanders: \$14.6 million increase
- Wage and rate increases for community health care providers: \$43 million
- Substance abuse funding: \$4.4 million increase

GOVERNOR EHRLICH'S FY 2007 Budget

MEETING MARYLAND'S NEEDS

- **Environment**

- For the second consecutive year, the largest allowance in State history for State and local preservation programs: \$369 million transfer tax revenue
- Upgrade wastewater treatment plants and septic and sewer systems through the Bay Restoration Act: \$75.5 million
- Plant 282,000 acres of cover crops: \$9.3 million, a 300% increase since FY 2003
- Implement the recommendations of Maryland's Tributary Strategies teams: \$5 million
- Corsica River Targeted Watershed Project: \$2 .5 million
- Improve water quality in the next targeted watershed: \$2 million

- **Public Safety**

- Salary adjustments for police salary schedules
- Recruit and retain a professional correctional officer workforce: \$48.1 million
- Public safety information technology enhancements: \$8.5 million
- Local law enforcement grants to fight vehicle theft: \$2 million increase
- Expand community-based treatment and job placement for inmates and former inmates: \$1.2 million increase
- Increased monitoring of sexual offenders: \$850,000
- Expand CSAFE to additional neighborhoods: \$750,000 increase
- Expand RESTART into the pre-release system: \$542,340 increase

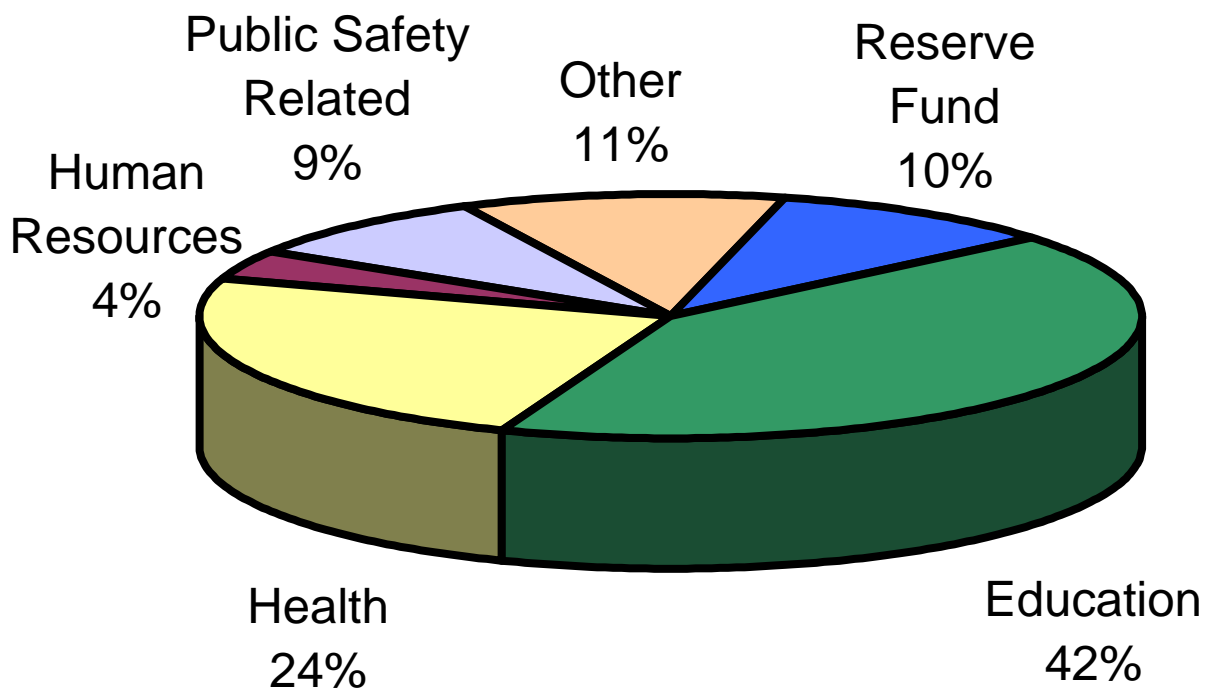
GOVERNOR EHRLICH'S FY 2007 Budget

FOSTERING ECONOMIC GROWTH

- **Business and Technology Development**
 - Stem cell research: \$20 million
 - Capital funding and operating support for the Center for Regenerative Research at University of Maryland, Baltimore BioPark: \$13.5 million
 - Biotechnology Tax Credit Reserve: \$6 million
 - Investment in Maryland's nano-biotech sector: \$2.5 million
 - Assistance for small and minority-owned businesses: \$18.6 million
- **Housing and Community Development**
 - Community Legacy Program: \$3 million (60%) increase
 - Rental Housing Programs: \$2.5 million increase
- **Culture and the Arts**
 - Film Employer Wage Rebate Grant Program: \$8 million (100% increase)
 - Museum Assistance Program: \$2 million increase
 - Maryland State Arts Council: \$3.1 million (25%) increase

GOVERNOR EHRLICH'S FY 2007 Budget

GENERAL FUND EXPENDITURES



GOVERNOR EHRLICH'S FY 2004-2007 Budgets

FISCAL RESPONSIBILITY

- **Deficit to Surplus**
 - Transformed more than \$4 billion in deficits into a \$1.2 billion surplus by the end of FY 2005
 - Estimated \$1.2 billion surplus at the end of FY 2006
 - Did not raise income or sales tax
- **AAA Bond Rating**
 - Maintained Maryland's standing as one of only six states with a AAA bond rating from all three nationally recognized rating agencies
- **Saving for the Future**
 - Assured funding of Maryland's future needs by saving:
 - \$100 million for future retiree health care costs
 - \$670 million for FY 2008 operations
 - Maintained 5% Rainy Day Fund balance

GOVERNOR EHRLICH'S FY 2004-2007 Budgets

EDUCATION

- **Higher Education Need-Based Aid**
 - Doubled funding for need-based aid to \$89 million
 - Assured access to higher education for 12,850 more Marylanders in need of financial aid
- **Higher Education Capital Funding**
 - Invested more than \$830 million in capital projects at Maryland's four-year institutions of higher education
 - Invested more than \$200 million in capital projects at Maryland's community colleges, the highest level of four-year funding in the State's history
- **K-12 Education**
 - Increased funding for K-12 education by more than \$1.3 billion to \$4.5 billion, a 44% increase
 - Federally mandated assessment scores improved in all 24 school systems
 - Statewide graduation rate reached a record high of 84.8%

GOVERNOR EHRLICH'S FY 2004-2007 Budgets

MEETING MARYLAND'S NEEDS

- **Health**
 - Dedicated \$1.25 billion additional funding to Medicaid and related programs for Maryland's most vulnerable citizens
 - Assured access to medical assistance for 79,000 more Marylanders
- **Environment**
 - Assured funding for wastewater treatment plant and septic and sewer system upgrades through the Bay Restoration Act to reduce nitrogen pollution into the Bay by 7 million pounds annually, cutting current levels nearly in half
 - Allocated nearly \$600 million in transfer tax revenues and bonds to State and local preservation programs
 - Preserved 60,000 acres of land and designated an additional 80,000 acres of rural landscapes for protection
- **Public Safety**
 - Initiated RESTART, an innovative program to treat and rehabilitate soon-to-be released offenders
 - Provided more than \$23 million for Public Safety information technology enhancements
 - Provided funds to purchase "Smart Cars" for troopers over three years at \$2.4 million per year
 - Invested in the Public Safety Communications Interoperability program
 - Invested more than \$210 million for prison construction

GOVERNOR EHRLICH'S FY 2004-2007 Budgets

FOSTERING ECONOMIC GROWTH

- **Business Development**
 - Provided nearly \$200 million to assist Maryland businesses, including more than \$65 million in grants and loan guarantees for small and minority-owned businesses
 - Supported business incubation, technology transfer and commercialization by increasing funding by 118% for the Maryland Technology Development Corporation
- **Housing and Community Development**
 - Invested \$2.5 billion for housing production and community development initiatives
 - Helped 3,200 Marylanders become homeowners under the More House 4 Less Program with loans totaling \$355 million
- **Transportation**
 - Bolstered the Transportation Trust Fund with \$238 million in additional revenues as a result of the Governor's Transportation Financing package
 - Fast-tracked approval and construction of the Intercounty Connector with construction scheduled to begin in 2006
 - Increased transportation aid to locals by \$152 million, a 34% increase
 - Expanded the Baltimore/Washington International Thurgood Marshall Airport